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MEMORANDUM FOR: Director of Central Intelligence
FROM : Michael J. Malanick
Acting Deputy Director for Administration
SUBJECT : Civil Service Reform Act
REFERENCE : Memo for DDA fr DCI dtd 23 Oct 78,
same subject

1. Action Requested: None; for information only.

2. We have reviewed the Civil Service Reform Act as signed into law by President Carter on 13 October 1978. In addition, the Director of Personnel, Mr. Janney, participated in the three-day Program Development Conference put on by the Civil Service Commission, 22-25 October, in Ocean City, Maryland. This conference was quite useful in terms of providing further insights and clarification of the many provisions contained in the Act which have the effect of amending major portions of existing provisions of Title 5 of the United States Code relative to personnel administration.

3. The Act itself is quite comprehensive (nine separate Titles) and, as acknowledged by the Civil Service Commission, contains a number of ambiguities and unclear terminology which will require further study, clarification and interpretation as regards application. On the basis of the reviews that we have conducted thus far, the Agency is clearly excluded from all major provisions of the Act. In those provisions of the Act which do include the Agency, none would appear to affect our current authorities and responsibilities or change the way we do business. The Office of Personnel will continue its review of the provisions of the Act and will participate with representatives of the Offices of General Counsel and Legislative Counsel in the completion of more detailed analyses, the clarification of ambiguities, and the development of fuller interpretation of all aspects of the Act.

4. Attached herewith is an advance copy of a Civil Service Commission publication which describes the primary features of the Civil Service Reform Act. You may find this useful in getting a "feel" for the new approaches. Precise of the primary thrust of each of the nine Titles of the Reform Act itself and brief commentary on relationships to CIA are provided as follows:

Title I - Merit System Principles

This Title establishes:

a. Nine basic and common principles which will govern personnel practices in the Federal Government; and

b. Nine "Prohibited Personnel Practices," covering such things as discrimination, misuse of official authority, granting special treatment or advantage not authorized by law, etc.

Comment: Under this Title, CIA, NSA, DIA and any Executive agency or unit whose principal function is the conduct of foreign intelligence or counterintelligence are excluded from application of the "Prohibited Personnel Practices" provisions and exempt from the "Principles" should their application impair the authorities and responsibilities set forth in the National Security Act of 1947, the CIA Act of 1949, the NSA Act of 1959, or the amendments of 1959 to the Internal Security Act of 1950. The Merit System Principles and "Prohibited Personnel Practices" cited are essentially those followed by the Agency at the present time and would continue to follow in the future unless adherence would impair our ability to carry out our responsibilities.

Title II - Civil Service Functions; Performance Appraisal;
Adverse Actions

This Title establishes the role, responsibilities and authorities of the Office of Personnel Management, the Merit System Review Board, the Special Counsel, and the Federal Labor Relations Authority. Of these new entities, only the Special Counsel might become involved with CIA in terms of his role as contact point for "whistleblowers" regarding allegations of Agency violations of law, mismanagement, gross waste of funds, abuse of authority, or substantial and specific danger to public health or safety.

Comment: Specific safeguards are incorporated in this Title which require the Special Counsel to refer information received that relates to foreign intelligence or counter-intelligence to the Senate Select Committee on Intelligence and the House Permanent Select Committee on Intelligence.

Title III - Staffing

Title III addresses such things as special authorities for the employment of personnel to assist certain types of handicapped (deaf or blind) employees; establishes new probationary periods for new supervisors; permits retraining of personnel caught in reduction-in-force exercises; Veterans' Preference rules regarding appointment and retention; limitations on dual pay for retired members of the uniformed services; minority recruitment; and temporary limitations on civilian employment in the Executive Branch.

Most of the provisions of Title III will not apply to CIA. There are, however, three provisions which will have application to CIA. These are the provisions relative to "limitations on dual pay for retired members of the uniformed services," "minority recruitment," and "temporary limitations on civilian employment in the Executive Branch."

Comment: The amendments to the law regarding limitations on dual pay will apply only with respect to pay periods beginning after 13 January 1979 and will apply only to individuals who first receive retired pay after the effective date of the Act (i.e., 13 January 1979). Under this provision the combined retirement pay and civilian salary may not exceed the amount of the salary for Executive Level V (currently \$47,500). The sections of Title III regarding "Minority Recruitment" place special emphasis on a continuing program by each Executive agency for the recruitment of minorities. While the Office of Legislative Counsel has interpreted that CIA is exempt from this provision of the new law, the Agency has and will continue to place special emphasis on minority recruitment. The "temporary employment" limitation in this Title sets the total number of civilian employees in the Executive Branch on 30 September 1979, 30 September 1980, and on 30 September 1981 at the number of such employees on 30 September 1977. The Office of Management and Budget and our Comptroller are currently involved in discussions relative to application of this provision.

Title IV - Senior Executive Service

This Title establishes the Senior Executive Service, which places senior managers in a rank-in-the-person status and abolishes the traditional "step increases" based on longevity and adequate performance evaluations and now places advancement and compensation directly upon performance appraisal of their assigned functions. Similarly, poor performers may be reduced in pay or assigned out of the SES and under certain circumstances dismissed from service. The SES becomes operational on 13 July 1979.

Comment: CIA, NSA and some other agencies are excluded from the SES. The SES is directed specifically at the supergrade-level supervisors and managers and provides opportunities for bonuses and special awards over and above basic compensation. Conversely, non-supervisory or non-managerial supergrades, such as Senior Analysts, Special Assistants, etc., will not be eligible for any of these special emoluments and will be retained under current rules relative to compensation within their grade levels. More study must be made of the possible inequities that could flow from the lack of incentives for senior non-managerial personnel should the Agency elect to adopt the SES concept as provided in the Reform Act. It may be possible to devise similar rewards for non-managers under the Director's special authorities. Without any doubt, these provisions in Title IV are of primary interest to the Agency to assure our competitiveness in attracting and retaining the high caliber senior executive to CIA, the ICS, and other agencies within the Intelligence Community.

Title V - Merit Pay

Title V provides for a new merit pay system for supervisors and managers at grade levels GS-13 through GS-15. This system resembles the SES approach in terms of relating basic compensation, bonuses and special awards directly to evaluated performance. This part of the Act is to be instituted by covered agencies no later than 1 October 1981.

Comment: CIA is excluded from coverage under this Title. The provisions of this Title, however, must be studied in detail to determine whether or not the Agency should adopt all or some of the features of this new approach.

Title VI - Research and Demonstration Projects

This Title authorizes the Office of Personnel Management to institute research and demonstration projects to experiment with new approaches to personnel administration.

Comment: CIA, NSA, DIA and other agencies or units whose principal function is the conduct of foreign intelligence or counterintelligence activities are excluded from these provisions.

Title VII - Labor-Management Relations

This Title establishes a new Federal Labor Relations Authority and institutes procedures for labor-management relations.

Comment: CIA and other intelligence agencies are excluded from the provisions of this Title.

Title VIII - Grade and Pay Retention

This Title expands the authority to permit grade retention for employees whose positions have been downgraded or are placed in lower-graded positions as a result of reductions in force.

Comment: CIA is excluded from this Title and would be free to consider adoption of certain aspects of these provisions.

Title IX - Miscellaneous

This Title is the final Title of the Reform Act and contains miscellaneous provisions to clarify conformance with other segments of the United States Code; Powers of the President; etc.

Comment: There do not appear to be any elements in this Title that would impact on CIA's authorities and responsibilities.

5. The Office of Personnel is continuing to analyze the Act in conjunction with the Offices of General Counsel and Legislative Counsel. I believe that any changes in

our personnel policy programs which we might institute voluntarily to conform with the principles and systems embodied in that Act should be a matter of discussion and review with our consultants, the National Academy for Public Administration.

/s/ Michael J. Malanick

Michael J. Malanick

Attachment

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Director of Personnel

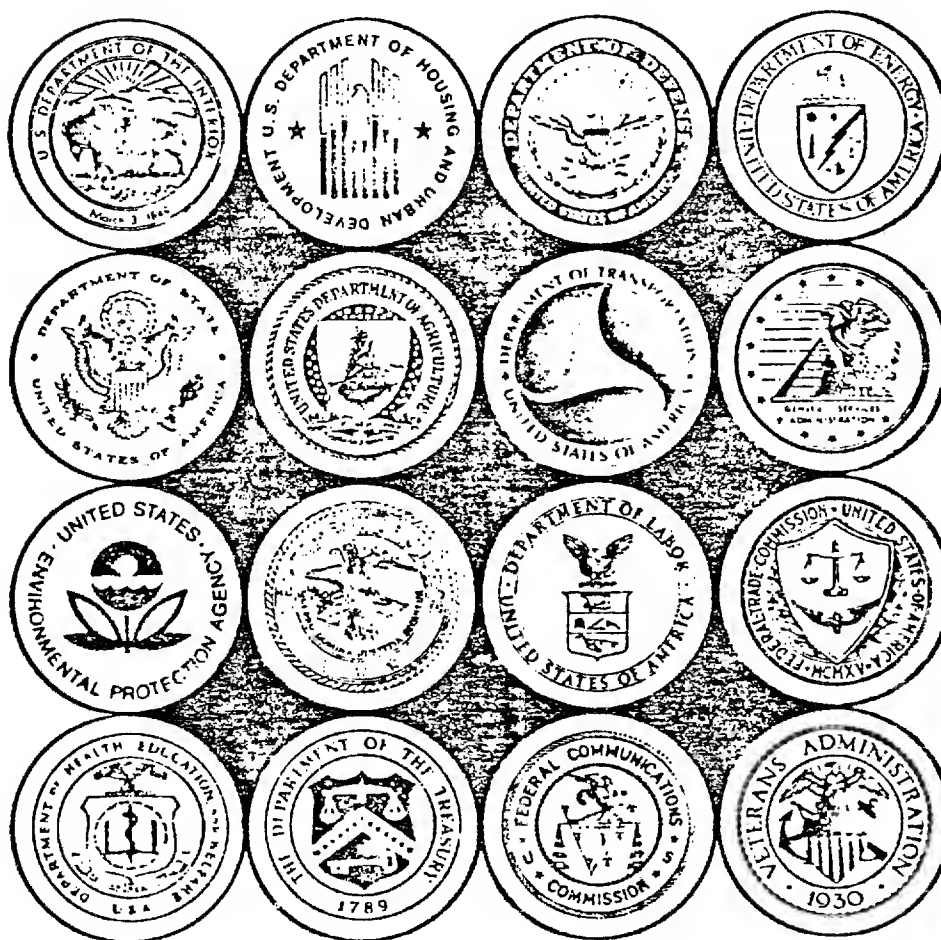
NOV 1978

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introducing
the

Civil Service Reform Act



President Carter...

...I consider civil service reform to be absolutely vital. Worked out with the civil servants themselves, this reorganization plan will restore the merit principle to a system which has grown into a bureaucratic maze.

State of the Union Message
January 19, 1978

Civil service reform will be the centerpiece of government reorganization during my term in office.

Message to Congress
March 2, 1978

I know that there are many dedicated people in this government who share my belief that government performance can and should be improved. The most effective and fundamental improvement that we can make is to reform the civil service system, to make it truly a merit system that rewards achievement and responds to human needs.

Presentation of Presidential
Management Improvement Awards
May 23, 1978

(Picture of Bill Signing Ceremony)

Employees who use imagination, initiative and bold vision will be able to benefit in ways that they could never do before. Those who believe in government the most and who dedicate their careers to lives of public service have the greatest stake in making it work.

Statement at
Bill Signing Ceremony
October 13, 1978

introducing
the

**Civil
Service
Reform
Act**

(Picture of
Chairman Campbell)

We have prepared this brochure to acquaint you with provisions of the Civil Service Reform Act, a new law designed to make working for the Federal Government more challenging and rewarding.

The law is the culmination of efforts begun over a year ago to improve the systems governing the hiring, training, rewarding, and removal of Federal employees. Hundreds of career employees were involved in the comprehensive study leading to the law; virtually all employees, career and noncareer, will be affected by the changes.

The ultimate goal of civil service reform is to improve the delivery of services to the American public. In changing our personnel system to achieve this goal, your creativity and initiative, which may have been ignored or stifled in the past, will be both encouraged and recognized. The great majority of you, who are capable and hard-working, will be beneficiaries.

The passage of the Civil Service Reform Act is a major milestone in our efforts to restore public confidence in the Federal Government. But it is just the beginning. Only with your active participation and support can we successfully meet this challenge.



Alan K. Campbell
Chairman
U.S. Civil Service Commission

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Introduction

On October 13, 1978, President Carter signed the Civil Service Reform Act, designed to improve government efficiency and to balance management authority with employee protections. Among the major features of the Act are an independent and equitable appeals process; protections against abuse of the merit system; and incentives and rewards for good work and skilled management.

Most of the provisions of the Civil Service Reform Act will take effect in January 1979.

Together with these reforms, Congress approved Reorganization Plan No. 2, also effective in January 1979, to divide the functions of the present U.S. Civil Service Commission between two new agencies—an Office of Personnel Management (OPM) and an independent Merit Systems Protection Board (MSPB). The Plan also establishes a new Federal Labor Relations Authority (FLRA) to oversee Federal labor-management policies and to provide leadership in administering these policies.

The headquarters of the three new agencies will be in Washington, D.C., as listed in the back of this brochure. The regional locations of the Office of Personnel Management and the Merit Systems Protection Board are also provided.

Under a separate authority, Reorganization Plan No. 1 of 1978, the Equal Employment Opportunity Commission will take over from the Civil Service Commission the leadership and enforcement of provisions of the Civil Rights Act affecting the Federal Government. This transfer of functions, also to occur in January 1979, will include hearing and resolving certain discrimination complaints.

This publication provides general information on the ways in which the civil service reform and reorganization will affect Federal employees. Persons interested in more detailed information should contact their personnel offices or the appropriate OPM (Civil Service Commission) office in their regions.

Merit System Principles

Prohibited Personnel Practices

For the first time in law, nine basic merit principles will govern all personnel practices in the Federal Government. The law also defines prohibited practices, and requires disciplinary action to be taken against offenders.

Personnel Practices and Actions in the Federal Government Require:

- Recruitment from all segments of society, and selection and advancement on the basis of ability, knowledge, and skills, under fair and open competition.
- Fair and equitable treatment in all personnel management matters, without regard to politics, race, color, religion, national origin, sex, marital status, age, or handicapping condition, and with proper regard for individual privacy and constitutional rights.
- Equal pay for work of equal value, considering both national and local rates paid by private employers, with incentives and recognition for excellent performance.
- High standards of integrity, conduct, and concern for the public interest.
- Efficient and effective use of the Federal work force.
- Retention of employees who perform well, correcting the performance of those whose work is inadequate, and separation of those who cannot or will not meet required standards.
- Improved performance through effective education and training.
- Protection of employees from arbitrary action, personal favoritism, or political coercion.
- Protection of employees against reprisal for lawful disclosures of information.

Officials and Employees Who Are Authorized to Take Personnel Actions Are Prohibited From:

- Discriminating against any employee or applicant.
- Soliciting or considering any recommendation on a person who requests or is being considered for a personnel action unless the material is an evaluation of the person's work performance, ability, aptitude, or general qualifications, or character, loyalty, and suitability.
- Using official authority to coerce political actions, to require political contributions, or to retaliate for refusal to do these things.
- Willfully deceiving or obstructing an individual as to his or her right to compete for Federal employment.
- Influencing anyone to withdraw from competition, whether to improve or worsen the prospects of any applicant.
- Granting any special preferential treatment or advantage not authorized by law to a job applicant or employee.
- Appointing, employing, promoting, or advancing relatives in their agencies.
- Taking or failing to take a personnel action as a reprisal against employees who exercise their appeal rights; refuse to engage in political activity; or lawfully disclose violations of law, rule, or regulation, or mismanagement, gross waste of funds, abuse of authority, or a substantial and specific danger to public health or safety.
- Taking or failing to take any other personnel action violating a law, rule, or regulation directly related to merit system principles.

The New Organization for Personnel Management

As a result of Reorganization Plan No. 2, the U.S. Civil Service Commission will be abolished in January 1979, and its functions divided between two new agencies. An **Office of Personnel Management (OPM)** will provide leadership in managing the Federal work force. An independent **Merit Systems Protection Board (MSPB)** will resolve employee complaints and appeals. A third new agency, the **Federal Labor Relations Authority (FLRA)**, will administer the Federal labor relations program and investigate unfair labor practices.

The functions of the new agencies are described below:

Office of Personnel Management

The Office of Personnel Management will help the President carry out his responsibilities for management of the Federal work force. The Office will be headed by a director and deputy director appointed by the President and confirmed by the Senate.

OPM will take over many of the current responsibilities of the Civil Service Commission. These include central examining and employment operations, personnel investigations, personnel program evaluation, executive development, and training. OPM will also administer the retirement and insurance programs for Federal employees and will exercise management leadership in labor relations and affirmative action.

As the central personnel agency, OPM will develop policies governing civilian employment in Executive branch agencies and in certain agencies of the Legislative and Judicial branches, and will help agencies carry out these policies. Subject to its standards and review, OPM will also delegate certain personnel powers to agency heads.

Merit Systems Protection Board

The Merit Systems Protection Board will be the independent agency to safeguard both the merit system and individual employees against abuses and unfair personnel actions. The MSPB will be headed by three board members, appointed on

New Performance Appraisal Systems

In January 1979, the current government-wide requirement for adjective performance ratings (outstanding, satisfactory, unsatisfactory) will be repealed so that each agency may develop and phase-in its own appraisal system(s). The new systems will be fully effective in most Federal departments and agencies by 1981.

Performance appraisals under the new systems will be a basis for decisions to train, reward, assign, promote, demote, retain, or remove employees (for reasons other than misconduct). Agencies will be encouraged to have employees participate in establishing performance objectives for their jobs.

Specifically, new appraisal systems must make it possible for agencies to:

- advise employees on what the critical elements of their jobs are;
- establish performance standards that will permit accurate evaluation of job performance on the basis of objective, job-related criteria;
- assist employees to improve unacceptable performance; and
- reassign, demote, or remove those employees whose performance continues to be unacceptable, but only after they have been given an opportunity to show that they can perform acceptably and have failed to improve.

The Act requires agencies to inform employees of the critical elements and performance standards of their jobs by October 1, 1981. During the interim period, OPM will require agencies to provide written warnings to employees prior to the initiation of demotion or removal actions based on poor performance.

If an agency proposes to remove or demote an employee because of poor performance, and if that employee's performance becomes acceptable and remains acceptable for one year, the record of the poor performance will be removed from agency files.

New Procedures for Adverse Actions and Appeals

Beginning in January 1979, adverse actions, such as removals, suspensions for over 14 days (instead of 30), and reductions in grade or pay, may be appealed to the Merit Systems Protection Board. Employees in organized bargaining units may be able under their negotiated agreements to ask their union to seek arbitration instead of appealing to MSPB.

Appeals now pending before the Federal Employee Appeals Authority or the Appeals Review Board will be sent to MSPB for completion.

If an agency proposes to demote or remove an employee because of unacceptable performance, that employee is entitled to:

- receive written notice from the agency 30 days before the proposed action;
- be represented by an attorney or other representative;
- answer orally and in writing within a reasonable time; and
- receive a written decision (agreed to by a higher level supervisor than the one who proposed the action) which states the reason for the action.

An agency's final decision will be provided in writing within 30 days after the end of the notice period.

If an agency decides to demote or remove an employee at the end of the notice period, the employee may appeal to the MSPB for a hearing, or, if within a bargaining unit, the employee may use the grievance arbitration procedure. The agency's decision will be upheld if it is shown by substantial evidence that the employee failed to meet performance standards for one or more critical elements of the job. For adverse actions based on grounds other than poor performance, an agency's decision to remove an employee must be supported by a preponderance of evidence.

An agency's decision will not be upheld if an employee shows that the decision:

- was based on harmful procedural errors on the part of the agency;
- was based on any prohibited personnel practice; or
- was unlawful.

The same standards will apply whether the adverse action is appealed to MSPB or resolved by an arbitrator.

Agencies whose decisions are reversed may be required in certain cases to pay employees for reasonable attorney fees. These payments might occur in cases where agencies engaged in prohibited personnel practices.

Decisions or orders of MSPB will be appealable to the U.S. Court of Appeals, or, in matters of pay, the Court of Claims.

Complaints Involving Discrimination

In January 1979, there will be new procedures to handle discrimination complaints in two situations.

The first situation includes agency actions which the employee claims were discriminatory and which are of a type that may be appealed to MSPB (e.g. removals and demotions). These are called "mixed cases." An agency will have 120 days to try to resolve the discrimination issue by using counseling and investigation. If an employee is not satisfied with the final agency decision, or if time runs out, that employee may appeal to MSPB. Instead of going to MSPB with a "mixed case," the union may call for grievance arbitration.

An employee may not directly appeal a "mixed case" to the Equal Employment Opportunity Commission (EEOC). However, an employee may ask EEOC to review the MSPB decision. Other steps would be followed if EEOC and MSPB do not agree.

The second type of situation includes discrimination complaints about actions or failures to act which are not appealable to MSPB (e.g. promotions or working conditions). In this case, an employee may appeal the final agency action to EEOC, or a union may call for grievance arbitration procedures. Appeals to EEOC will follow the current procedures for processing discrimination complaints. MSPB will play no part in these decisions.

Regardless of whether the decision is made by MSPB, EEOC, or an arbitrator, an employee will have the right to appeal that decision to a U.S. District Court.

Beginning in January 1979, EEOC (instead of the Civil Service Commission) will also be responsible for approving agency goals and timetables in affirmative action plans.

Special Counsel Protections

The Special Counsel to the Merit Systems Protection Board will be, in effect, an independent investigator and prosecutor. This individual will be appointed by the President for a 5-year term.

Specifically, the Special Counsel will investigate charges that agency officials:

- undertook prohibited personnel practices, including reprisals against whistleblowers;
- engaged in prohibited political activity;
- withheld information under the Freedom of Information Act without just reason;
- discriminated in violation of law; or
- carried out activities prohibited by any other civil service law, rule, or regulation.

After these investigations, the Special Counsel may bring disciplinary charges before the MSPB against officials if the evidence shows a probable violation. They may be reprimanded, removed, fined, or barred from Federal employment.

As a new feature, the Special Counsel will have authority to protect *whistleblowers*. Whistleblowers are those employees or applicants who expose practices which they reasonably believe to be a violation of law, rule, or regulation, or which they believe constitute mismanagement, gross waste of funds, abuse of authority, or a danger to public health or safety. Employees or applicants who make disclosures specifically prohibited by law or Executive order will not be protected.

The Special Counsel will investigate charges of reprisal without revealing the identity of the whistleblower, and may petition any member of the MSPB to stop any personnel action while the matter is under investigation. The results of the investigation will be reported to the whistleblower.

Agencies may be required to conduct investigations and prepare reports on the substance of complaints made by whistleblowers. In such cases, the Special Counsel will review the agency reports to determine whether they contain sufficient information and whether the findings appear reasonable. Copies of the agency reports will be sent to the President and to Congress, and to the persons who filed the complaints.

Grade and Pay Retention

New grade and pay retention provisions will make it possible for employees to retain their grades for two years and to avoid taking considerable cuts in salary as the result of downgrading actions for which they are not responsible.

Employees to be placed in lower-graded positions as the result of reductions-in-force or reclassification actions may, (if they have held their current positions for one year), retain their current grades for two years from the date of demotion. Pay for these employees will not be reduced.

At the end of the two-year period, the grades of these employees will be lowered. Should their pay at that time exceed the maximum rate of their new grades, they will retain their current rate of pay but will receive only 50% of their annual comparability pay increases. If or when their pay is lower than or equal to the maximum rate of their new grades, they will then receive full comparability pay increases.

These special benefits will continue only as long as the employees remain in their same positions and will apply to all reductions-in-force or reclassification actions taken on or after January 1, 1977.

Instructions will be issued soon to advise eligible employees still working for the Federal Government about how to receive funds owed to them.

Veterans' Preference and Benefits

Effective in January 1979, veterans with service-connected disabilities of 30% or more will receive additional benefits, including:

- appointment without competitive examination, with a right to be converted to career appointments, and
- retention rights over other preference eligibles in reductions-in-force.

Veterans with disabilities of 30% or more will also have the right to be notified in advance and respond to any decision in which:

- they are considered ineligible for a position due to physical requirements of the position;
- they would be passed over by an agency in the course of filling a position from a civil service certificate; or
- they are deemed ineligible for retention in a position during a reduction-in-force due to the physical requirements of the position.

On October 1, 1980, veterans' preference will be eliminated for non-disabled military retirees who retire from the service at or above the rank of major or its equivalent.

Changes in Federal Labor Relations

The Civil Service Reform Act contains a number of new provisions which will clarify the roles and responsibilities of labor organizations and which will, to an extent, expand the rights of employees in collective bargaining units.

The Act affirms the basic rights of Federal employees to form, join, and assist labor organizations (or to refrain from doing so). It prohibits strikes and work slowdowns, as well as picketing that interferes with government operations.

For most matters, employees working in organized bargaining units must use the grievance arbitration procedures negotiated by the union. However, an exception is made for adverse actions and discrimination complaints. In such cases, employees may use either the negotiated procedures or the appeals procedure. The union is required to represent all employees in the bargaining unit who choose the negotiated procedures, whether or not they are members of the union.

The issues subject to collective bargaining will remain generally the same as at present. However, departments and agencies (such as OPM, OMB, and GSA) which issue government-wide regulations affecting Federal employees, will be required to consult with labor organizations representing a substantial number of employees over any substantive changes. In addition, a union that represents, in one bargaining unit, a majority of affected employees will be able to negotiate without regard to their own agency's regulations on matters otherwise within the scope of bargaining.

The Act makes all types of management actions subject to collective bargaining unless specific "management rights" exist. These reserve to agency officials the authority to make decisions and take actions which are not subject to the collective bargaining process, and exclude bargaining on Federal pay and benefits or nonvoluntary payments to unions by employees. The changes in the management rights area will: (1) prohibit agencies from bargaining on mission, budget, organization, number of employees, or internal security; and (2)

permit, but not require, them to negotiate over the methods, means, and technology of conducting agency operations. Management will have the right to determine whether vacant positions may be filled only by persons within the agency or by persons within and outside the agency

Other new provisions in the Act include:

- A time limit of 45 days for agency heads to decide if a proposed action is negotiable. This decision will be appealable to the Federal Labor Relations Authority.
- Court enforcement of FLRA decisions and orders, including judicial review in unfair labor practice cases.
- Provisions for back pay and attorney fees for employees subject to unjustified or unwarranted personnel actions.
- Dues withholding—based on voluntary allotments by employees—at the exclusive union's request. (Allotments are irrevocable for one year, and the withholding service is at no charge to the employee or labor organization.)
- Official time during regular working hours for employees representing unions in negotiations.

Trial Period for New Managers and Supervisors

Under provisions of the new law, first-time supervisors and managers will be required to serve a trial period before their appointments become final. Those who do not satisfactorily complete the trial period will be returned to positions of no lower pay and grade than those they occupied before assuming their managerial or supervisory assignments.

Until now, ineffective first-time supervisors and managers could normally be removed only through the application of adverse action procedures. Under the new system, those who do not perform well during the trial period will be removed from managerial responsibilities without having to undergo the complexities and anxieties of the old procedures.

Merit Pay for Managers and Supervisors

The new law provides a merit pay system in which the pay increases of managers and supervisors in grades GS-13 through GS-15 will be directly linked to their performance, rather than to their length of service. Employees covered under this system will no longer receive automatic within grade increases, but will be eligible each year for merit pay increases.

Managers covered under the merit pay system will receive a minimum of one-half of the annual comparability pay increases authorized for white collar employees, but this minimum can be increased by OPM. The funds for merit raises will be derived from a combination of the remainder of the annual comparability increases and from funds formerly used for step increases and quality step increases for these employees.

The amounts agencies award in merit increases will vary to recognize distinctions in the performance of individual managers and supervisors and of the organizations they direct. Agencies must base their decisions on a formal appraisal system. Factors taken into account in awarding merit pay increases will include cost efficiency; timeliness of performance; and improvements in efficiency, productivity, and quality of work or service.

✓ All managers and supervisors in grades GS-13 through GS-15 will be brought into the merit pay system no later than October 1, 1981. Many managers, however, will be brought into the system earlier—during Fiscal Years 1980 or 1981. No employee will suffer a salary loss in the conversion to the new system.

Senior Executive Service

The Senior Executive Service (SES) will include managers at GS-16 through Executive Level IV or their equivalents in the Executive branch. The SES will make it easier for the Federal Government to attract and keep top managers, to use their abilities productively, and to pay them according to their performance.

The large majority of SES executives will be career managers; there will be a 10% government-wide ceiling on the number who may be noncareer. (This is about the same percentage that exists at present.) In addition, about 45% of SES positions will be career-reserved; that is, they can be filled only by career executives.

SES executives may be reassigned to other positions within their own agencies, but may not be involuntarily transferred to other agencies.

Entry Into SES

Early in 1979, OPM will determine the number of SES positions in each agency. Individuals who presently occupy those positions which their agencies designate to become a part of the SES will have 90 days in which to choose either to enter the Service or to remain under their present appointment authorities. Those who choose not to join the SES will keep their present pay and benefits, but will not be eligible for promotions. Those who enter the SES at a later date must have their managerial qualifications evaluated by qualification review boards within the Office of Personnel Management, and must serve a trial period of one year. Veterans' preference will not apply in the SES.

The SES will become operational on July 13, 1979.

Compensation and Benefits

Base pay for SES executives will be set at one of five levels, with the minimum at the equivalent of GS-16, step 1, and the maximum at the salary for Executive Level IV. In addition,

performance awards may be given to 50% of the career executives in amounts up to 20% of base salary. Each year, up to 5% of SES executives may receive the rank of "Meritorious Executive," with a special award of \$10,000. Up to 1% may receive the rank of "Distinguished Executive," with a special award of \$20,000. A ceiling will be set on total compensation for SES members equal to the pay of Executive Level I (now \$66,000). Only career executives in the SES will be eligible for performance awards and ranks.

Retention and Removal

Retention in the SES will be based on good performance. Executives will be evaluated annually by their supervisors, who will measure their individual performance and that of the organizations they direct. Among the evaluation criteria are improvements in efficiency and productivity; work quality; timeliness of performance; and success in meeting affirmative action goals.

Ratings will range from "fully successful," a rating which makes one eligible for performance awards, to "marginal" or "unsatisfactory," ratings which indicate a need for corrective action and improvement. Failure to improve would cause removal from the SES.

Career executives who are removed from the SES for poor performance cannot appeal but may state their case in a hearing before the Merit Systems Protection Board. They are entitled to placement in non-SES positions at GS-15 or above, at no loss in base pay. Executives with 25 years of government service or with 20 years of service at age 50 may choose retirement under such circumstances.

Detailed information about the SES will be provided to eligible executives (GS-16 to Executive Level IV or their equivalents) in the near future.

Other Features of the Civil Service Reform Act

- Agencies will conduct **MINORITY RECRUITMENT PROGRAMS** to help eliminate underrepresentation of minority groups in the Federal work force. The Office of Personnel Management and the Equal Employment Opportunity Commission will provide guidelines and assistance.
- **NONPAID WORK BY STUDENTS** in connection with educational programs is permitted, provided they do not reduce opportunities for regular employees.
- Employees who would otherwise be separated under reductions-in-force may be **RETRAINED** for jobs in other agencies.
- Until January 1981, the **TOTAL NUMBER OF CIVILIAN EMPLOYEES** in the Executive branch is limited to the number of employees on board as of September 30, 1977 (Postal Service and Postal Rate Commission employees are excluded from this total.)
- Employees who are age 50 with 20 years of service, or who, regardless of age, have 25 years of service, may choose **EARLY RETIREMENT** in major reorganizations, transfers of function, or reductions-in-force.
- OPM must notify the U.S. Employment Service about competitive examinations it administers. Agencies must provide both OPM and the U.S. Employment Service **EMPLOYMENT INFORMATION** about positions for which they are seeking candidates outside of the civil service system.
- **THE MOBILITY PROGRAM** authorized by the Intergovernmental Personnel Act has been extended to include additional types of organizations and individuals. Federal employees who accept these assignments must return to the Federal Government for a period equal to that of the assignments.
- Subject to its standards and review, OPM may **DELEGATE AUTHORITY FOR PERSONNEL MANAGEMENT FUNCTIONS**, including certain competitive examinations, to the heads of agencies employing persons in the competitive service.
- The **COMBINED RETIREMENT PAY AND FEDERAL CIVILIAN SALARY** received by future retirees of the uniformed services may not exceed the pay for Executive Level V.
- Federal agencies are authorized to adopt OPM's **MERIT SYSTEM STANDARDS** as a personnel requirement for grants to state and local governments.

DIRECTORY

Below is a listing of addresses and telephone numbers (FTS and commercial) for the headquarters and regional offices of the Office of Personnel Management (OPM) and Merit Systems Protection Board (MSPB). Area Offices and Federal Job Information Centers of the U.S. Civil Service Commission will also become part of OPM.

The headquarters address and telephone numbers of the Federal Labor Relations Authority (FLRA) are listed below. The regional structure for FLRA has not yet been determined.

OFFICE OF PERSONNEL MANAGEMENT

Headquarters Offices	1900 E Street, NW Washington, DC 20415	FTS/632-6101 Com/202-632-6101
Regional Offices		
Atlanta	1340 Spring Street, NW Atlanta, GA 30309	FTS/257-2436 Com/404-881-2436
Boston	Post Office and Courthouse Building Boston, MA 02109	FTS/223-2538 Com/617-223-2538
Chicago	Federal Office Building 230 S. Dearborn Street Chicago, IL 60604	FTS/353-2901 Com/312-353-2901
Dallas	1100 Commerce Street Dallas, TX 75242	FTS/749-3352 Com/214-749-3352
Denver	Building 20 Denver Federal Center Denver, CO 80225	FTS/234-2023 Com/303-234-2023
New York	New Federal Building 26 Federal Plaza New York, NY 10007	FTS/264-0440 Com/212-264-0440
Philadelphia	Federal Building 600 Arch Street Philadelphia, PA 19106	FTS/597-4543 Com/215-597-4543
St. Louis	1256 Federal Building 1520 Market Street St. Louis, MO 63103	FTS/279-4262 Com/314-425-4262
San Francisco	Federal Building, Box 36010 450 Golden Gate Avenue San Francisco, CA 94102	FTS/556-0581 Com/415-556-0581
Seattle	Federal Building, 26th Floor 915 Second Avenue Seattle, WA 98174	FTS/399-7536 Com/206-442-7536

**MERIT SYSTEMS
PROTECTION BOARD**

1717 H Street, NW
Washington, DC 20415

FTS/254-3063
Com/202-254-3063

1340 Spring Street, NW
Atlanta, GA 30309

FTS/257-3631
Com/404-881-3631

100 Sumner Street, Rm. 1736
Boston, MA 02110

FTS/223-2556
Com/617-223-2556

Federal Office Building
230 S. Dearborn Street
Chicago, IL 60604

FTS/353-2923
Com/312-353-2923

1100 Commerce Street
Dallas, TX 75242

FTS/749-3451
Com/214-749-3451

Building 46
Denver Federal Center
Box 25025
Denver, CO 80225

FTS/234-3725
Com/303-234-3725

New Federal Building
26 Federal Plaza
New York, NY 10007

FTS/264-9372
Com/212-264-9372

U.S. Customhouse, Rm. 501
Second and Chestnut
Streets

FTS/597-4446
Com/215-597-4446

Philadelphia, PA 19106

1256 Federal Building
1520 Market Street
St. Louis, MO 63103

FTS/279-4295
Com/314-425-4295

Federal Building, Box 36010
450 Golden Gate Avenue
San Francisco, CA 94102

FTS/556-0316
Com/415-556-0316

Federal Building, 26th Floor
915 Second Avenue
Seattle, WA 98174

FTS/399-0395
Com/206-442-0395

**FEDERAL
LABOR RELATIONS
AUTHORITY**

1900 E Street, NW
Room 7469
Washington, DC 20415

FTS/632-6878
Com/202-632-6878

This bill changes the rules in a constructive fashion, a carefully considered fashion. It puts incentive and rewards back into the Federal system. It allows Federal employees to be encouraged, transferred or discharged for the right reasons, if they cannot or will not perform. And it prevents discouraging them or punishing them for the wrong reasons, for whistle blowing or for personal whim in violation of basic employee rights.

President Carter
Statement at Bill Signing Ceremony
October 13, 1978

Executive Registry
7/5-846 9/4
CD/A Registry
7/5-846 9/4

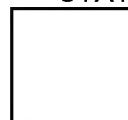
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23 OCT 1979

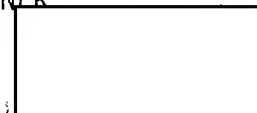
MEMORANDUM FOR: Deputy Director for Administration
FROM: Director of Central Intelligence
SUBJECT: Civil Service Reform Act

I'd appreciate your taking a good look at the Civil Service Reform Act and letting me know which provisions are mandatory for us and will change the way we do business, and which provisions from which we have exemption we should attempt to conform to insofar as possible. In short, I was asked the other day by one of our employee groups whether there will be changes in our personnel policy programs that we have initiated as a result of the Civil Service Reform Act. I frankly could not answer the question.

STATINTL



STANSFIELD TURNER



STATINTL

Approved For Release 2002/05/07 : CIA-RDP81-00142R000400010003-7

13 OCT 1978

MEMORANDUM FOR: Director of Central Intelligence

VIA : Deputy Director of Central Intelligence
Deputy Director for Administration

FROM : F. W. M. Janney
Director of Personnel

SUBJECT : Effect of the Civil Service Reform Bill
on the Central Intelligence Agency

1. Action Requested: None; for information only.
2. Background: The Civil Service Reform Bill of 1978 was signed into law by President Carter on 10 October 1978. This law will become effective 1 January 1979 and in due course will revolutionize the Civil Service, especially the areas of pay for supergrades and mid-level managers in grades GS-13 through GS-15, as well as instituting the Senior Executive Service.

The Agency has been excluded from these provisions of the Bill. However, as was the case under the former system, the Agency can exercise certain options and adopt a pay system similar to other departments and agencies of the Federal Government. Beginning 22 October 1978, a four-day Program Development Conference of federal officials will be held to determine the specific actions which will be recommended for input into a final policy. The Director of Personnel and the Deputy Director of Personnel for Plans and Control will participate in this Conference. Methodologies for developing plans and policies will be explored.

Based upon the additional insights and information gained through participation in the Conference discussions, the Office of Personnel will develop proposals as regards various options which might be adopted by the Agency relative to provisions of the Reform Act.

F. W. M. Janney